EXPENDITURE CHARGED TO REVENUE.

11. The demands of the several departments for expenditure during the next year have been carefully scrutinised both by the Government and the Standing Finance Committee and the grants fixed after a full consideration of the requirements and the available resources of the State. The total expenditure provided for in the budget for the next year is Rs 246·88 lakhs. This is in excess of the revised estimates of the current year by Rs 6·86 lakhs. I shall now deal with the more important items.

12. *Standardisation of Salaries.* With the object of granting relief to those who were hard hit by the revision of pay introduced as a result of the standardisation scheme, the rates of pay of low paid subordinates drawing Rs 100 and below have been revised with effect from 1st Chingom 1113. This revision is expected to involve ultimately an increase of about Rs 93,000 per annum roughly. Estimates for 1113 have been prepared in accordance with the revised scales. It is hoped that this revision will remove the discontent existing in the ranks of the low paid subordinates, bring relief to about 7000 employees and result in the greater efficiency of the public service.

13. *Land Revenue.* The Jenmikaram Settlement work is nearing completion and provision is therefore made for its continuance only on a reduced scale during the coming year. An area of 10,000 acres of cardamom lands in Pallivasal Pakuthy is set apart for registry to *bona fide* Travancoreans at a concessional rate. The special survey party for the sub-division and survey of these lands, for the purpose of registry, will be continued. Provision is also made for the continuance of the temporary staff for checking Puduval Sub division sketches and for clearing off the arrears in checking and closing survey records. The present temporary staff for the demarcation and survey of encroachments within the Cardamom Hills reserve is proposed to be continued for 6 months during 1113. As several special survey works are proposed to be taken up in 1113, provision is made for the opening of a special survey class and for the continuance of the present temporary Survey School, Kottayam.

14. *Income Tax Department.*—It is considered urgently necessary to arrange for a thorough overhaul and re-organisation of the Income Tax Department, in consequence of the recent amendments to the Regulation and for the purpose of improving the procedure followed and tightening up the control in regard to assessment and collection of the tax so as to minimise the chances of considerable leakages of revenue and to counteract clever ruses evidently adopted at present to evade payment in several cases. With a view therefore to examine the working of the department, to suggest measures for improvement and to effect a thorough re-organisation, it is proposed to obtain the services of an experienced Income Tax Officer from British India for a period of 6 months on a pay of Rs. 600 per mensem. The two temporary Income Tax Collectors at Trivandrum and Alleppey are also proposed to be continued during the coming year. A provision of about

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Rs. 14,500 has accordingly been made in the budget for the above purposes. It is also proposed to put on special duty one of our Senior Revenue Officers to conduct the work of the Department under the general supervision of the Land Revenue Commissioner.

15. *Excise.* It is essential to launch on a continuous, systematic, and determined drive against the smuggling of tobacco that is being undoubtedly carried on in the Northern Frontiers of this State, and that is depriving the State of considerable legitimate revenue estimated at between 10 to 20 lakhs of rupees. The smuggling has become of late the regular business of well organised gangs of unscrupulous characters who appear to be backed up from behind the screen by apparently respectable capitalists. The extent of the malpractices now resorted to is evident from the figures of tobacco consumption near the Frontier and at a distance from the Frontier. For instance the average annual consumption of tobacco per head at Parur is about 2 lbs, while at Nagercoil it is about 10 lbs. As a result of the prevailing economic depression, the ranks of the gangs of smugglers have swelled considerably and their nefarious transactions have become more extensive. The inevitable consequence of the increased activities of the smugglers is the marked fall in the consumption of duty-paid tobacco. This is evident from the fact that the quantity consumed during 1111 has gone much below the quantity consumed during the year 1103. The budget for the next year includes a provision of Rs. 1,12,37 for the purpose of increasing the staff of Inspectors, Petty Officers and Peons in the Excise Department and for the pay of the Reserve Police posted at the Frontier, sufficient to check the activities of the smugglers. The campaign may have to be conducted persistently for several years and the whole hearted co-operation of the Legislaturer and the public is required for any perceptible effect to be reflected in the Excise returns.

Provision is also made for the staff necessary for the Customs Houses and Preventive Stations for the Anjergo and Thangacherry Frontiers in consequence of the decision of this Government and the Government of Madras to discontinue from 1st July 1937 the system of leasing to this Government the Abkari and Opium revenues of those places and to take up the work of collection themselves.

16. *Forests.*—Provision has been made for the continuance of the temporary staff dealing with the Kudivila claims on royal trees removed from private lands and for the purchase of a Jolly boat and the construction of a picnic shed of wood at the Game Sanctuary and for the continuance of the Officer on special duty for the preparation and issue of a comprehensive work on the Hill Tribes and primitive communities in Travancore.

17. *Stamps.*—In commemoration of the eventful Temple Entry Proclamation dated 27th Thulam 1112, Temple Entry Anchal Stamps of the denominations of 3 chackrams, 1½ chackrams, 12 cash and

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6 cash, of a pictorial design, bearing the effigy of His Highness the Maharaja and pictures of important temples, were issued during the year. They have been popular and stamps to the value of Rs 20,000 are expected to be sold during the current year.

18. *Interest and Sinking Fund.*—Provision has been made for payment of interest amounting to Rs 1·78 lakhs for a full year on the 3½ per cent Government Loan, 1956, in the budget estimate for 1113.

The question regarding provision to be made for Sinking Fund for the 3½ per cent Loan, 1956, referred to in para 9 of my budget speech for last year, was further examined. The Loan was raised mainly for financing the Pallivasal Hydro-Electric Scheme, which is now in progress. Until the scheme develops and begins to yield full revenue, it is proposed to create a Sinking Fund by an annual contribution of Bh. Rs 50,000 from 1113 for the purchase and cancellation of our securities if and when they depreciate and stand below par in the market.

19. *General Administration.*—Provision has been made for the regarding of the number of appointments in the several grades of the ministerial staff in the Secretariat, for the continuance of the appointment of an additional Private Secretary to the Dewan, of the temporary staff for the revision of the State Manual for 3 months during 1113. and for the listing, copying, etc., of the large collections of valuable old records preserved in the Mathilagom and Central Vernacular Records, and the temporary staff for the Press Room.

With a view to secure co-ordination and economy in the purchase of stores required by the various departments of public service in the State and to encourage local and Indian purchases as far as possible, a Stores Purchase Committee has been constituted consisting of the Chief Secretary as President, the Financial Secretary to Government and the Director of Industries as members, with the power of co-opting heads of departments whenever necessary. Details of procedure, regarding indents, etc., have been settled and purchases of stores will be made through the Committee with effect from 1st Chingom 1113. A provision of Rs. 3,525 on account of the pay of the clerical staff and contingencies is made under 41—Miscellaneous.

A senior officer has been placed on special duty for the revision of the Codes of the Army Department which has been recently reorganised, and the various Accounts and Departmental Codes which are very much out of date.

20. *Administration of Justice.*—With the establishment of Conciliation Boards at important centres of the State for giving effect to the provisions of the Agriculturists' Relief Regulation III of 1112 for which a provision of Rs ·55 of a lakh has been made for the next year, it is expected that there will be considerable relief to the existing Civil Courts. The continuance of the existing temporary Second Judges and Munsiffs' courts as well as the temporary Sirkar Vakils' offices has been provided for about six months only by which time it is expected

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that the question of a possible reduction will be considered and decided upon. Provision has also been made for the continuance of the Temporary Fourth Bench of the High Court till 8th Vrischigom 1113 and for the Statutes Revision Committee which is now engaged in considering the laws relating to commercial transactions, arbitration and companies, for a portion of the year, until the future of the Committee is considered and orders issued.

21. *Police.*—In addition to the continuance of the existing Police Out-posts at Santhanpara, Munnar and Thalayar, provision has been made for the revival of the out-posts at Thanneermukkam and also for strengthening the staff of constabulary in the Traffic Branch, in view of the large increase in motor traffic.

22. *Education.*—The expenditure next year is estimated at Rs 49·65 lakhs. This is about 20 per cent. of the total revenues of the State and exceeds the revised estimate for the current year by Rs 1·75 lakhs.

To give effect to the scheme for the establishment of a University for Travancore, referred to in the Dewan's address to the Joint Session, a Special Officer has been appointed for the preparation of the scheme and to perform the necessary spade work in connection therewith. Besides the provision for the pay and allowances of the Special Officer and his staff, a lump sum of Rs 63,000 has also been provided in the budget for next year. A lump provision of Rs 1 lakh has been made under Capital Expenditure not charged to Revenue for University Buildings, etc.

Government have invited the All India Oriental Conference to hold their Ninth Session in Trivandrum in December 1937 and the invitation has been accepted. A lump sum of Rs 12,000 has been included in the budget for 1113 for meeting the expenses during the next year.

Provision has also been made for the continuance of the Vocational Training Schools started during the current year as an experimental measure and for the continuance of the existing temporary establishments in so far as they may be necessary. It is also proposed to enhance the provision for fixed contingent grant to Vernacular Schools.

23. *Agriculture and Fisheries.*—In view of the great possibilities of tobacco cultivation in the Travancore State and of the keen interest which the representatives of the people have been evincing in the matter, Government have recently sanctioned a set of rules enabling the people of the State to undertake tobacco cultivation. Provision has been made in the budget estimates for the deputation of one of the Agricultural Inspectors for a period of 6 months to Tinnevelly, Coimbatore, Guntur and Jaffna to study all the processes of cultivation, curing, etc., of tobacco.

Provision has been made for the revival of the *kari* experimental station at Porakkad, for strengthening the Entomological Section of the Agricultural Department by the appointment of a qualified

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Assistant for carrying on extensive campaign towards the serious pests of rice in Travancore, the rice stem borer and the rice swarming caterpillar which have in recent years assumed epidemic proportions and caused heavy loss of paddy especially, in Nanjinad and Kuttanad areas and for importing Australian Bees. Provision has also been made for the increase in the number of grants for the maintenance of stud bulls in the State and for the continuance of the Agricultural School at Konni during 1113.

24. *Industries.*—The question of making radical changes in the organisation of the Sales Depot at Bombay and Trivandrum is under the consideration of Government. It is their intention to entrust the work of pushing on the sales of Travancore products to non-official agencies like the Chambers of Commerce and the Cocoanut Growers' Association in the State and to subsidise and assist them. Pending final decision on these proposals, provision of Rs 8,000 and of Rs 3,093 has been made for the next year for the Trade Agency at Bombay and the Sales Depot at Trivandrum respectively. Out of the reduction of 20 per cent. made in 1107 in the grants-to-aided industrial institutions in the State as a measure of retrenchment, Government have sanctioned the restoration of one-half of the cut and this is included in the budget. The whole question of policy regarding the issue of mining leases or agreements was considered by Government during the year and definite rules on the subject have been issued, which provide among other matters, for the payment to Government, in addition to the Royalty fixed according to the present rules, 10 per cent of the profits of the companies.

25. *Co-operative Department*—In order to carry out the provisions of the recent Co-operative Regulation, provision has been made for strengthening the staff of the department by the appointment of 3 temporary Inspectors of Co-operative Societies. The estimates include also provision of Rs 3,000 for grants to supervising unions and for the post of a temporary first grade Inspector as Personal Assistant to the Registrar of Co-operative Societies.

26. *Uplift of Backward Communities.*—It has been decided to make arrangements for carrying on steady, systematic and intensive work for the amelioration and uplift of the Backward Communities in the State. The work has been entrusted to a Special Officer styled the Protector of Backward Communities. The work will be carried on in three centres, one each in the North, Central and South Travancore selected with due regard to the distribution of the population of the Backward Communities, their economic condition and the urgency of their needs. House sites for 50 families in each of the centres will be provided by the acquisition of suitable lands (if suitable Government lands are not available) wherein pathways, wells and burial grounds will also be provided. For putting up houses, etc., money will be advanced after taking agreements from the people concerned with due provision for sureties. Wherever possible, the assistance of non-official organisations such as the Harijan Sevak Sangh, the Kerala Hindu Mission and the Y. M. C. A. will be invoked for carrying out the work.

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An experimental rural colony for Backward Communities at Enadimangalam in the Kunnathur Taluk, where an extensive area of arable land is said to be available, will also be established. The normal activities of the Department for the protection of Backward Communities which are in various stages of completion in the several parts of the State will also be continued. A provision of Rs 20,000 for the above purposes has been made in the budget for next year under a new major head "24—Uplift of Backward Communities." It may be mentioned that this provision is in addition to the usual provision in the budget under Education, Industries, etc., for the benefit of the Backward Communities which amounts to about Rs 63 of a lakh.

27. *Medical.*—In addition to the provision for the appointment of additional staff required in the General Hospital, Trivandrum, for the Radiological and Radium Wards etc., under construction, for the Women and Children's Hospital, the Kottayam District Hospital, the General Medical Stores and additional compounders in some of the heavily worked hospitals, provision has also been made for running an Itinerant dispensary for the treatment of yaws, a dangerous infectious disease prevailing in most of the coastal villages in Central Travancore. It is also proposed to supply the Women and Children's Hospital with additional iron cots and shadowless operation lamp. The existing temporary staff in the General Hospital, the Leper Colony, Noornad, the staff for leprosy survey work and the temporary dispensary at Vidurai are also proposed to be continued.

28. *Public Health.*—It is proposed to reorganise the department by dividing the State into two districts and placing each under a separate District Health Officer. Provision has also been made for the continuance of the schemes of intensive health works in 5 selected taluks which are easily affected by cholera, for the Filariasis control measures in the Shertallai Taluk, and for the appointment of 3 Public Health Nurses in three Revenue Divisions with 5 midwives for work relating to Maternity and Child Welfare and for the continuance of anti-malaria and plague preventive measures. The existing scheme of medical inspection of school children is also proposed to be continued and a provision of Rs 10,000 is made for the purpose in the Education budget.

In this connection, I may point out that the total grant for Medical and Public Health for the next year amounts to Rs 13·35 lakhs as against Rs 12·77 lakhs for the current year.

29. *Scientific and Miscellaneous Departments.*—With a view to make the Economic Development Board a really representative organisation of the economic interests in the State, enabling it to function properly and to suggest well conceived schemes of economic planning spread over a few years, Government sanctioned the reconstitution of the Board with 25 members, (10 officials and 15 non-officials) with effect from 1st Chingom 1113. One of the duties of the Board will be the organisation of Rural Reconstruction work in selected areas preferably through non-official agencies. The necessary provision has been made in the budget for the next year.

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A provision of Rs 7,340 has also been made for the preparation and printing of a descriptive catalogue of the manuscripts in the Palace Granthapura and the Curator's Office, in connection with the All India Oriental Conference.

30. *Public Works.*—The allotment for ordinary Public Works expenditure for the next year including establishment charges and tools and plant is Rs 32·26 lakhs as against the current year's revised estimate of Rs 31·76 lakhs, exclusive of the provision for the Town Planning Scheme and the Council Chamber. A sum of Rs 3,500 for the investigation of a scheme for providing tube wells for the supply of drinking water in the Kalkulam and Vilavancode Taluks is included under Public Works. Full details of the works in progress and new works are given in Appendix B to the budget estimates.

The budget includes in addition to the ordinary provision for maintenance and repairs and for the completion of works in progress, a sum of Rs 3·62 lakhs for new works and Rs 3 lakhs for new communications, including the works to be financed out of the Road Development Fund.

Additional provision has been made in the estimates for next year for the constitution of a separate sub-division for looking after the electrical installations and their maintenance in the Government buildings at Trivandrum, Nagercoil and Kottayam with effect from 1st Chingom 1113.

31. *Devaswom Fund.*—Provision has been made for the usual contribution of Rs 16 lakhs payable to Devaswom Fund.

CAPITAL EXPENDITURE.

32. The principles governing the classification of expenditure between Revenue and Capital not charged to Revenue, and the method of financing Capital expenditure indicated in detail in para 3 of my budget speech last year have been followed this year. During the budget discussion last year, our policy in this regard was strongly criticised by certain members on the ground that it is novel and unsound in principle to debit to Capital not charged to Revenue, the expenditure on schemes which are not directly remunerative and do not yield the prescribed return on the sums invested thereon. I explained at the time that our policy in this respect was quite in accordance with the orthodox canons of finance and the practice followed in British India and elsewhere and that it was not incorrect to debit to Capital, expenditure on the creation of permanent assets of lasting public utility, which involves considerable outlay that cannot be reasonably met out of current revenues and which benefit future generations also. In further support of our position in this respect, I would invite the attention of the Honourable Members to the arrangements since adopted in the United Kingdom, of financing their huge re-armament schemes involving about 400 millions of pounds out of borrowed funds and classifying them as Capital. In British India, it will be seen that the Ministers of certain provinces are contemplating the financing of rural reconstruction and other development schemes out of Capital. There need therefore be no doubt in regard to the soundness or propriety of our policy in this respect.

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